

CUC, Inc.

2109 Timberlane Drive • Florence, SC 29506 • Phone 843-669-0130 • FAX 843-669-0135

250541

2011-221615

May 7, 2014

Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, SC 29210

RECEIVED

MAY 12 2014

PSC SC
CLERK'S OFFICE

Subject: CUC, Inc. Service Rate Adjustment Request
Callawassie Island and Spring Island, Beaufort County, South Carolina

Dear Commission:

CUC presently serves 1,241 water customers and 704 wastewater customers on Callawassie Island and Spring Island in Beaufort County. The Public Service Commission of South Carolina issued CUC's current service rates in DOCKET NO. 2005-87-W/S, ORDER NO. 2005-535 on September 27, 2005.

CUC purchases all of its water as a wholesale water customer of Beaufort-Jasper Water & Sewer Authority (BJWSA). At the time the above Order was issued, BJWSA's wholesale water rate to CUC was \$1.64 per thousand gallons. Subsequently, the wholesale rate was increased to \$1.86 per thousand gallons, and then on July 1, 2011, the rate increased again to \$2.06 per thousand gallons. CUC requested and was granted by the PSC on July 22, 2011, a pass through of the 2011 increase of \$0.20 per thousand gallons (Docket No. 2011-221-WS - Order No. 2011-481). This action was authorized under S.C. Code Ann. § 58-5-240(G) where the proposed modification to rates or tariffs do not require a determination of the entire rate structure and overall rate of return. This approval set our customer water rate at \$3.56 per thousand gallons.

On May 2, 2014, BJWSA notified CUC that a new increase in CUC's wholesale water rate will become effective on their July 1, 2014 water billing to CUC. The new rate to CUC will be \$2.26 per thousand gallons, which is a 9.7% increase over their current rate of \$2.06 per thousand gallons and a 22.9% increase over the modified rate granted to us in July, 2011. CUC's present water rate to its customers is \$3.56 per thousand gallons which is only \$1.30 per thousand gallons above the BJWSA wholesale rate.

Based upon CUC's purchase of wholesale water for the past twelve months in the amount of 77,210,800 gallons, the new rate increase will increase CUC's annual cost for this wholesale water by \$15,442.16. CUC respectfully requests that the Commission issue an order that allows the new increase of \$0.20 per thousand gallons to be issued as a pass through to CUC's customers. While we are in the process of preparing a full-fledged rate case to adjust CUC's rates to a more equitable position that reflects all of CUC's current costs, we feel that we need relief on this BJWSA increase immediately.

We are enclosing copies of all documentation that we have received from BJWSA regarding this increase. Please let us know if we can provide you with any additional information.

Thank you for your consideration of this request.

Sincerely yours



Susan B. Mikell
Secretary-Treasurer

cc: Office of Regulatory Staff

Enclosures (13)



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"Inspire trust and enhance public health"

ED SAXON, PE, GENERAL MANAGER
843.987.9249 (o) | 843.263.1924 (c)

May 2, 2014

Mr. Billy Burnette
Callawassie CUC, Inc.
2109 Timberland
Florence, SC 29506

Re: Wholesale Water Rate Increase

Dear Mr. Burnette,

Please accept this letter as notification that your Wholesale Water Rate will be increasing effective July 1, 2014. After updating our cost of service rate model, the new rate per 1,000 gallons will be \$2.26. We anticipate our Board will adopt this rate at the June 26, 2014 meeting.

Since rates were set in 2011, BJWSA has experienced a decrease in demand primarily due to higher than average rainfall. Total system demand for FY2014 is projected to be 9.5% lower than FY2012 and forecasted FY2015 demand is 7.5% lower than FY2012 which is the most significant factor in the rate increase. Expenditures for FY2015 are forecasted to come in 4.7% higher than FY2012 and Renewal and Replacement requirements have also increased. Our cost of service projections reflect conservative revenue growth coupled with increases in costs such as power, fuel and chemicals.

In year's past, we have set rates with the expectation that the rate would be good for 3 years. We are in the latter stages of building a new Cost of Service (CoS) model and that model will be ready in early fall. For this reason, we are setting the FY2015 rate as a 1 year rate and we will be performing another full CoS update in the fall utilizing the new model.

I am attaching the key schedules from our cost of service model that show the costs and calculations that support the wholesale rates. The current model update resulted in only minimal allocation changes as a result of anticipated growth and shifts in the customer classes. There have been no methodology changes in the model.

You are a valued wholesale customer and I would be happy to meet with you or your staff to review the cost of service methodology, the schedules attached and your rate. If you have any questions or concerns, please feel free to contact me at 843-987-9290.

Sincerely,

Dottie Hofmann
Chief Financial Officer

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CHAIR

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VICE CHAIR

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LORRAINE W. BOND
DONALD A. MANSON

Table 2
BJWSA COS Model
O & M Cost Allocation Factors

O&M ALLOCATIONS TO WATER vs SEWER									
	2015		PDP 2012-2014		PDP 2009-2011		PDP 2006-2008		Basis
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	
Direct Water O&M	100%	0%	100%	0%	100%	0%	100%	0%	Direct Allocation
Direct Sewer O&M	0%	100%	0%	100%	0%	100%	0%	100%	Direct Allocation
Indirect O&M									
Lab	54%	46%	50%	50%	50%	50%	50%	50%	Labor Allocation
Engineering & Construction	60%	40%	60%	40%	60%	40%	65%	35%	Customer Accounts/Prof. Judgement
Mapping	60%	40%	60%	40%	60%	40%	65%	35%	Customer Accounts/Prof. Judgement
Customer Service	60%	40%	60%	40%	60%	40%	65%	35%	Customer Accounts/Prof. Judgement
Meter Reading	60%	40%	60%	40%	60%	40%	65%	35%	Customer Accounts/Prof. Judgement
Financial	60%	40%	60%	40%	60%	40%	65%	35%	Customer Accounts/Prof. Judgement
Information Technology	60%	40%	60%	40%	60%	40%	65%	35%	Customer Accounts/Prof. Judgement
G & A									
Franchise Fees	55%	45%	55%	45%	57%	43%	n/a	n/a	Direct Allocation
All Other G&A	60%	40%	60%	40%	60%	40%	65%	35%	Customer Accounts/Prof. Judgement
Relevant Data for Allocation Factors									
Retail Accounts	49,045	34,667	46,241	32,058	43,620	29,204	40,694	26,886	
Percentage of Retail Accounts	59%	41%	59%	41%	60%	40%	60%	40%	
Wholesale Accounts	7	1	7	1	8	3	8	3	
Percentage of Wholesale Flow	29.7%		31.9%		30.7%		36.3%		
Lab Cost Allocation Factors									
Manpower	50%	50%	50%	50%	50%	50%	50%	50%	
Operating Costs	57%	43%	57%	43%	57%	43%	57%	43%	
WATER O&M ALLOCATIONS TO WHOLESALERS vs RETAIL									
	2015		PDP 2012-2014		PDP 2009-2011		PDP 2006-2008		Basis
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
Division									
Source of Supply	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
Water Treatment	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
Transmission&Distribution									
	Trans.	Distrib.	Trans.	Distrib.	Trans.	Distrib.	Trans.	Distrib.	
	45%	55%	50%	50%	75%	25%	75%	25%	Voumetric Capacity of Lines
Transmission	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
Distribution	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	Retail Demand
Lab	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
Engineering & Construction	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
Mapping	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
Customer Service	1.5%	98.5%	1.5%	98.5%	1.5%	98.5%	10.0%	90.0%	Professional Judgement
Meter Reading	1.5%	98.5%	1.5%	98.5%	1.5%	98.5%	10.0%	90.0%	Professional Judgement
Financial	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
IT	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
G & A									
Franchise Fees	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	Policy Decision
All Other G&A	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Wholesale & Retail Demand
Relevant Data for Allocation Factors									
Water Demands	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	

Table 2
BJWSA COS Model
O & M Cost Allocation Factors

CAPITAL ALLOCATIONS to WATER vs SEWER									
Division	2015		PDP 2012-2014		PDP 2009-2011		PDP 2006-2008		Basis
	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer	
Capital Outlay	50.0%	50.0%	50.0%	50.0%	56.3%	43.7%	47.0%	53.0%	Direct Allocation of budgeted projects
Transfers to C&D	40.7%	59.3%	38.8%	61.2%	34.3%	65.7%	58.0%	42.0%	R&R Study Model Direct Allocations
WATER CAPITAL ALLOCATIONS to WHOLESALE vs RETAIL									
Division	2015		PDP 2012-2014		PDP 2009-2011		PDP 2006-2008		Basis
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
Debt Service	10.0%	90.0%	11.8%	88.2%	6.8%	93.2%	9.0%	91.0%	Forecast Demand Historical Peaking Factors Forecast Value of Assets Used Assets Used net of Contributions
Capital Outlay	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Forecast Demand
Transfers to C&D	29.7%	70.3%	28.6%	71.4%	27.9%	72.1%	38.0%	62.0%	Forecast Demand

Table 7a
Water CoS Model
Total Water Cost-of-Service Allocated to Classes
FY2015

	O&M	Debt Service	C&D	Capital Outlay	Total Cost-of-Service	Billable Kgals 2015	Average per Kgal
Military Commodity	\$668,379	\$334,189	\$172,316	\$69,449	\$1,244,333	522,171	\$2.38
Civilian Wholesale							
Warsaw-Eustis-Oaks	\$34,569	\$23,766	\$8,912	\$3,592	\$70,839	27,007	\$2.62
Harbor Island	\$41,279	27,734	\$10,642	\$4,289	83,944	32,249	\$2.60
Fripp Island	\$235,820	158,441	\$60,797	\$24,503	479,561	184,234	\$2.60
Callawassie	\$112,334	45,636	\$28,961	\$11,672	198,603	87,761	\$2.26
Moss Creek	\$188,620	117,887	\$48,628	\$19,599	374,734	147,359	\$2.54
HHPD	\$1,134,438	0	\$292,472	\$117,875	1,544,786	886,280	\$1.74
Broad Creek	\$0	0	\$0	0	0	0	\$0.00
Civilian Wholesale Total	\$1,747,059	\$373,464	\$450,414	\$181,530	\$2,752,468	1,364,890	\$2.02
Wholesale Total	\$2,415,438	\$707,654	\$622,730	\$250,979	\$3,996,801	1,887,061	\$2.12
Retail							
Residential	\$6,051,570	\$4,514,417	\$1,029,391	\$414,876	\$12,010,253	3,119,366	\$3.85
Commercial	1,698,208	823,243	\$288,870	\$116,424	2,926,745	875,365	\$3.34
Residential Irrigation	342,524	327,854	\$58,264	\$23,482	752,125	176,559	\$4.26
Commercial Irrigation	489,600	445,215	\$83,282	\$33,565	1,051,663	252,371	\$4.17
Military	\$0	0	\$0	0	0	0	\$0.00
Retail Total	\$8,581,902	\$6,110,729	\$1,459,808	\$588,347	\$16,740,786	4,423,661	\$3.78
System							
Military	\$668,379	\$334,189	\$172,316	\$69,449	\$1,244,333	522,171	\$2.38
Civilian	\$1,747,059	\$373,464	\$450,414	\$181,530	\$2,752,468	1,364,890	\$2.02
Retail	\$8,581,902	\$6,110,729	\$1,459,808	\$588,347	\$16,740,786	4,423,661	\$3.78
System Total	\$10,997,340	\$6,818,383	\$2,082,538	\$839,326	\$20,737,588	6,310,722	\$3.29

Table 7c
Beaufort-Jasper Water & Sewer Authority
Unit Water Cost-of-Service Allocated to Classes
FY2015

	O&M	Debt Service	C&D	Capital Outlay	Total Cost-of-Service	FY2015	% Change
Military Commodity	\$1.28	\$0.64	\$0.33	\$0.13	\$2.38	\$2.28	5%
Civilian Wholesale							
Warsaw-Eustis-Oaks	\$1.28	\$0.88	\$0.33	\$0.13	\$2.62	\$2.62	0%
Harbor Island	\$1.28	\$0.86	\$0.33	\$0.13	\$2.60	\$2.60	0%
Frapp Island	\$1.28	\$0.86	\$0.33	\$0.13	\$2.60	\$2.60	0%
Callawassie	\$1.28	\$0.52	\$0.33	\$0.13	\$2.26	\$2.26	0%
Moss Creek	\$1.28	\$0.80	\$0.33	\$0.13	\$2.54	\$2.54	0%
HHPSD	\$1.28	\$0.00	\$0.33	\$0.13	\$1.74	\$1.74	0%
Broad Creek	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0%</u>
Civilian Wholesale Average	\$1.28	\$0.78	\$0.33	\$0.13	\$2.39	\$2.39	0.0%
Retail							
Residential	\$1.94	\$1.45	\$0.33	\$0.13	\$3.85	\$3.46	-11%
Commercial	\$1.94	\$0.94	\$0.33	\$0.13	\$3.34	\$3.46	3%
Residential Irrigation	\$1.94	\$1.86	\$0.33	\$0.13	\$4.26	\$3.46	-23%
Commercial Irrigation	\$1.94	\$1.76	\$0.33	\$0.13	\$4.17	\$3.46	-21%
Unidentified Retail	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>0%</u>
Retail Average	\$1.94	\$1.50	\$0.33	\$0.13	\$3.91	\$3.46	-13%

Table 4-1
10-Year Water Financial Plan
Billable Water Demand by Class
FY 2011 - FY 2020

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast
Military Wholesale Commodity										
Laurel Bay	145,405	149,246	129,302	130,081	130,081	130,081	130,081	130,081	130,081	130,081
Marine Corps Air Station	70,829	58,686	69,284	69,004	69,004	69,004	69,004	69,004	69,004	69,004
Naval Hospital	20,107	21,901	22,932	22,370	22,370	22,370	22,370	22,370	22,370	22,370
Parris Island	330,021	314,205	324,468	300,716	300,716	300,716	300,716	300,716	300,716	300,716
Military Commodity Total	566,362	544,038	545,986	522,171	522,171	522,171	522,171	522,171	522,171	522,171
Civilian Wholesale										
Warsaw-Eustis-Oaks Water Co.	27,609	29,553	27,267	26,220	27,007	27,277	27,549	28,100	28,662	29,236
Harbor Island PSD	35,737	30,551	32,573	31,930	32,249	32,572	32,898	33,226	33,559	33,894
Fripp Island PSD	217,931	195,859	178,817	182,410	184,234	186,076	187,937	189,817	191,715	193,632
Callawassie Water Co.	114,976	104,891	89,914	86,040	87,761	88,638	89,525	91,315	93,142	95,004
Moss Creek Water Co.	162,521	150,595	145,958	145,900	147,359	148,833	150,321	151,824	153,342	154,876
Hilton Head PSD	877,933	1,240,631	1,003,131	868,902	886,280	895,143	904,094	913,135	922,267	931,489
Civilian Wholesale Total	1,436,707	1,752,080	1,477,660	1,341,402	1,364,890	1,378,539	1,392,324	1,407,417	1,422,687	1,438,131
Retail										
Residential	3,258,901	3,192,301	3,032,069	3,028,510	3,119,366	3,181,753	3,245,388	3,310,296	3,376,502	3,444,032
Commercial	805,892	821,692	850,602	871,010	875,365	879,742	884,141	892,982	901,912	910,931
Residential Irrigation	190,764	191,891	169,437	173,950	176,559	179,208	181,896	184,624	187,394	190,204
Commercial Irrigation	317,185	323,771	253,958	248,642	252,371	257,419	262,567	267,818	273,175	278,638
Retail Total	4,572,742	4,529,655	4,306,066	4,322,112	4,423,661	4,498,122	4,573,992	4,655,720	4,738,983	4,823,805
System										
Military Commodity	566,362	544,038	545,986	522,171	522,171	522,171	522,171	522,171	522,171	522,171
Civilian Wholesale	1,436,707	1,752,080	1,477,660	1,341,402	1,364,890	1,378,539	1,392,324	1,407,417	1,422,687	1,438,131
Civilian Retail	4,572,742	4,529,655	4,306,066	4,322,112	4,423,661	4,498,122	4,573,992	4,655,720	4,738,983	4,823,805
System Total	6,575,811	6,825,773	6,329,712	6,185,685	6,310,722	6,398,832	6,488,487	6,585,308	6,683,841	6,784,107
Annual Change	8.5%	3.8%	-7.3%	-2.3%	2.0%	1.4%	1.4%	1.5%	1.5%	1.5%

Table 4-1 (continued)
10-Year Water Financial Plan
Billable Water Demand by Class
FY 2011 - FY 2020

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast
Billable Water Sales, ADD, MGD	18.02	18.70	17.34	16.95	17.29	17.53	17.78	18.04	18.31	18.59
Percent of Water Sales										
Military Commodity	9%	8%	9%	8%	8%	8%	8%	8%	8%	8%
Civilian Wholesale	<u>22%</u>	<u>26%</u>	<u>23%</u>	<u>22%</u>	<u>22%</u>	<u>22%</u>	<u>21%</u>	<u>21%</u>	<u>21%</u>	<u>21%</u>
Wholesale Subtotal	30%	34%	32%	30%	30%	30%	30%	29%	29%	29%
Retail	70%	66%	68%	70%	70%	70%	70%	71%	71%	71%
Total Percent of Water Sales	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percent Change										
Military Commodity	-7%	-4%	0%	-4%	0%	0%	0%	0%	0%	0%
Civilian Wholesale	29%	22%	-16%	-9%	2%	1%	1%	1%	1%	1%
All Wholesale	16%	15%	-12%	-8%	1%	1%	1%	1%	1%	1%
Retail	<u>5%</u>	<u>-1%</u>	<u>-5%</u>	<u>0%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>
Total Percent Change	9%	4%	-7%	-2%	2%	1%	1%	1%	1%	2%

Table 4-2
10-Year Water Financial Plan
Water O&M Revenue Requirements
FY 2011 - FY2020

Budget	FY 2011 - FY2020									
	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast
Water O&M Revenue Requirements										
Water Treatment	\$ 3,953,612	\$ 4,190,573	\$ 4,223,477	\$ 4,258,680	\$ 4,496,831	\$ 4,719,202	\$ 4,952,810	\$ 5,202,652	\$ 5,465,312	\$ 5,741,456
45% Transmission (a)	2,465,711	1,829,388	1,730,795	1,777,790	1,689,486	1,773,032	1,860,800	1,954,667	2,053,350	2,157,099
55% Distribution (a)	821,903	1,829,388	1,730,794	1,777,790	2,064,927	2,167,039	2,274,311	2,389,037	2,509,650	2,636,454
Source of Supply	533,538	618,147	555,671	563,620	595,138	624,568	655,485	688,551	723,313	759,860
Laboratory & Testing (b)	328,279	341,217	364,699	358,540	378,590	397,312	416,979	438,013	460,127	483,376
Engineering & Construction (b)	312,940	328,610	411,288	306,900	317,642	328,759	340,266	357,430	375,475	394,447
Mapping (b)	88,983	106,820	107,375	105,700	109,400	113,228	117,191	123,103	129,318	135,852
Customer Service (b)	918,767	969,170	1,048,871	1,044,050	1,080,592	1,118,412	1,157,557	1,215,949	1,277,337	1,341,877
Meter Reading (b)	238,750	254,312	245,684	239,610	247,996	256,676	265,660	279,061	293,150	307,961
Financial Services (w/o Depreciation) (b)	536,907	558,285	578,229	614,150	635,645	657,893	680,919	715,268	751,379	789,343
Information Technology (b)	632,660	618,925	593,280	625,110	646,989	669,633	693,071	728,032	764,788	803,430
General & Administrative (b)	1,704,285	1,687,970	1,805,528	1,800,630	1,863,652	1,928,880	1,996,391	2,097,098	2,202,971	2,314,280
Franchise Fees ©	603,169	620,100	637,516	654,000	667,220	676,535	686,015	696,251	706,669	717,270
Total Water O&M Revenue Requirements	\$ 13,139,503	\$ 13,952,906	\$ 14,033,208	\$ 14,126,570	\$ 14,794,108	\$ 15,431,170	\$ 16,097,454	\$ 16,885,114	\$ 17,712,838	\$ 18,582,704
% Change	3.2%	6.2%	0.6%	0.7%	4.7%	4.3%	4.3%	4.9%	4.9%	4.9%
Depreciation (d)	9,877,190	10,132,598	10,297,106	10,396,300	10,454,300	10,509,300	10,569,300	10,619,300	10,709,300	10,799,300
% Change	3.5%	2.6%	1.6%	1.0%	0.6%	0.5%	0.6%	0.5%	0.8%	0.8%
Change in Depreciation	337,421	255,408	164,508	99,194	58,000	55,000	60,000	50,000	90,000	90,000
Total Water Operating Expenses	\$ 23,016,694	\$ 24,085,504	\$ 24,330,313	\$ 24,522,870	\$ 25,248,408	\$ 25,940,470	\$ 26,666,754	\$ 27,504,414	\$ 28,422,138	\$ 29,382,004
BJWSA Total Water & Sewer O&M	\$ 23,506,279	\$ 24,714,330	\$ 25,048,402	\$ 24,877,180	\$ 25,985,294	\$ 27,110,307	\$ 28,285,986	\$ 29,605,433	\$ 30,988,325	\$ 32,437,777
Total Depreciation	22,671,899	23,374,076	23,614,724	23,818,700	23,976,700	24,239,700	24,449,700	24,639,700	24,824,700	25,003,700
Total BJWSA Operating Expenses	\$ 46,178,178	\$ 48,088,406	\$ 48,663,126	\$ 48,695,880	\$ 49,961,994	\$ 51,350,007	\$ 52,735,686	\$ 54,245,133	\$ 55,813,025	\$ 57,441,477

- (a) The T&D Department Budget is allocated as Transmission - 45%, Distribution - 55%. Based on % of actual pipe lengths
- (b) Indirect costs are split between the water and sewer utilities on the basis on engineering & accounting judgement. Ratio used to split costs are Water - 60%, Sewer - 40%
- (c) Franchise fees are paid to The City of Beaufort, Town of Port Royal, Town of Bluffton and City of Hardeeville on the basis of merger contracts. These expenses are allocated to the retail class
- (d) Depreciation is not included in the definition of cost-of-service, rather Debt Service, Capital Outlay and C&D Fund Transfers are the capital costs allocated to customers.

Table 4-3
10-Year Water Financial Plan
Offsets to O&M Revenue Requirements (Other Water Revenue)
FY 2011 - FY2020

Budget	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast
Offsets Common to All (Wholesale & Retail)										
Backflow Prevention Test	\$	-	-	-	-	-	-	-	-	-
Admin Service Charge	62,694	62,784	64,106	63,600	64,236	64,878	65,527	66,182	66,844	67,513
Service Charge	140,705	185,623	205,120	192,000	201,600	205,632	209,745	211,842	213,961	216,100
Lab Fees	15,445	10,660	10,038	10,000	10,200	10,302	10,405	10,509	10,614	10,720
Construction Reimbursement	158,444	160,705	43,522	70,000	50,000	50,000	50,000	50,000	50,000	50,000
Other Water Income	2,842	7,486	3,281	3,000	3,000	3,000	3,000	3,000	3,000	3,000
SCE&G RO Water	140,284	140,945	138,885	166,071	172,219	174,391	176,607	177,737	178,879	180,031
SCE&G Raw Water	181,603	168,562	170,340	163,955	164,893	165,840	166,796	167,759	167,764	168,252
SCE&G Return Water	51,201	48,284	50,833	56,114	44,990	45,055	45,121	45,154	45,187	45,221
Rent	692,384	748,897	924,991	931,700	941,017	950,427	959,931	969,531	979,226	989,018
Off-Peak Water Revenue	174,341	487,628	412,206	282,870	294,298	303,185	312,342	321,774	331,492	341,503
Military Retail Revenue	743,045	710,159	710,159	710,159	681,258	681,258	681,258	747,663	747,663	747,663
Unrestricted Interest	36,960	111,861	104,955	102,000	104,400	105,600	105,600	105,600	105,600	105,600
Total Common to All Offsets	\$ 2,399,938	\$ 2,843,594	\$ 2,838,436	\$ 2,751,469	\$ 2,732,111	\$ 2,759,568	\$ 2,786,332	\$ 2,876,271	\$ 2,900,230	\$ 2,924,621
Percent Wholesale	30%	34%	32%	30%	30%	30%	30%	29%	29%	29%
Percent Retail	70%	66%	68%	70%	70%	70%	70%	71%	71%	71%
Common Offsets - Wholesale	\$ 731,049	\$ 956,555	\$ 907,465	\$ 828,940	\$ 816,968	\$ 819,702	\$ 822,136	\$ 842,788	\$ 843,906	\$ 845,084
Common Offsets - Retail	\$ 1,668,889	\$ 1,887,039	\$ 1,930,971	\$ 1,922,529	\$ 1,915,143	\$ 1,939,866	\$ 1,964,196	\$ 2,033,483	\$ 2,056,324	\$ 2,079,537
Offsets Specific to Retail										
Tap Fees	\$ 436,454	\$ 504,896	\$ 580,771	\$ 624,000	\$ 686,400	\$ 700,128	\$ 714,131	\$ 728,413	\$ 742,981	\$ 757,841
Project Development Fees	40,318	35,013	31,295	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Service Call	175	-	175	-	-	-	-	-	-	-
Fire Hydrant Water Sales	26,144	11,192	13,252	16,000	15,040	15,040	15,040	15,040	15,040	15,040
NSF Revenue	34,558	34,366	29,378	22,750	23,205	23,437	23,671	23,908	24,147	24,389
Reconnect/Reset/Late Fees	338,439	277,773	330,103	322,000	325,220	328,472	331,757	335,074	338,425	341,809
Total Retail Specific Offsets	\$ 876,088	\$ 863,240	\$ 984,974	\$ 1,019,750	\$ 1,084,865	\$ 1,102,077	\$ 1,119,599	\$ 1,137,435	\$ 1,155,593	\$ 1,174,079
Total Offsets	\$ 3,276,026	\$ 3,706,834	\$ 3,823,410	\$ 3,771,219	\$ 3,816,976	\$ 3,861,645	\$ 3,905,931	\$ 4,013,706	\$ 4,055,823	\$ 4,098,700
Allocated Offsets										
Wholesale	\$ 731,049	\$ 956,555	\$ 907,465	\$ 828,940	\$ 816,968	\$ 819,702	\$ 822,136	\$ 842,788	\$ 843,906	\$ 845,084
Retail	2,544,977	2,750,279	2,915,945	2,942,279	3,000,008	3,041,943	3,083,795	3,170,918	3,211,917	3,253,616
Total Offsets	\$ 3,276,026	\$ 3,706,834	\$ 3,823,410	\$ 3,771,219	\$ 3,816,976	\$ 3,861,645	\$ 3,905,931	\$ 4,013,706	\$ 4,055,823	\$ 4,098,700

Table 4-4
10-Year Water Financial Plan
O&M Revenue Requirements Allocated to Wholesale Class
FY 2011 - FY 2020

Wholesale	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast
	30%	34%	32%	30%	30%	30%	30%	29%	29%	29%
% Wholesale Demand/Total Demand										
Wholesale O&M Revenue Requirement										
Water Treatment	\$ 1,204,316	\$ 1,409,665	\$ 1,350,270	\$ 1,283,021	\$ 1,344,663	\$ 1,401,792	\$ 1,461,378	\$ 1,524,450	\$ 1,590,292	\$ 1,659,023
Transmission	751,084	615,387	553,345	535,598	505,198	526,662	549,048	572,745	597,482	623,305
0.0% Distribution	-	-	-	-	-	-	-	-	-	-
Source of Supply	162,522	207,938	177,651	169,803	177,961	185,522	193,408	201,755	210,469	219,565
Laboratory & Testing	99,998	114,782	116,596	108,018	113,208	118,017	123,034	128,344	133,887	139,674
Engineering & Construction	95,325	110,541	131,491	92,460	94,983	97,655	100,399	104,732	109,255	113,977
Mapping	27,105	35,933	34,328	31,844	32,713	33,633	34,579	36,071	37,629	39,255
1.5% Customer Service	13,782	14,538	15,733	15,661	16,209	16,776	17,363	18,239	19,160	20,128
1.5% Meter Reading	3,581	3,815	3,685	3,594	3,720	3,850	3,985	4,186	4,397	4,619
Financial Services (w/o Depreciation)	163,548	187,801	184,863	185,026	190,074	195,421	200,912	209,584	218,635	228,085
Information Technology	192,716	208,200	189,675	188,328	193,466	198,908	204,498	213,324	222,537	232,155
General & Administrative	519,145	567,815	577,238	542,479	557,278	572,955	589,056	614,479	641,019	668,723
0.0% Franchise Fees	-	-	-	-	-	-	-	-	-	-
Total Wholesale O&M	\$ 3,233,122	\$ 3,476,414	\$ 3,334,878	\$ 3,155,833	\$ 3,229,471	\$ 3,351,191	\$ 3,477,659	\$ 3,627,909	\$ 3,784,762	\$ 3,948,509
Wholesale Offsets	(731,049)	(956,555)	(907,465)	(828,940)	(816,968)	(819,702)	(822,136)	(842,788)	(843,906)	(845,084)
Net O&M Required from W/H Rates	\$ 2,502,073	\$ 2,519,859	\$ 2,427,413	\$ 2,326,892	\$ 2,412,503	\$ 2,531,489	\$ 2,655,523	\$ 2,785,121	\$ 2,940,856	\$ 3,103,425
Wholesale O&M CoS or Rate/Kgal										
Water Treatment	0.60	0.61	0.67	0.69	0.71	0.74	0.76	0.79	0.82	0.85
Transmission	0.37	0.27	0.27	0.29	0.27	0.28	0.29	0.30	0.31	0.32
Distribution	-	-	-	-	-	-	-	-	-	-
Source of Supply	0.08	0.09	0.09	0.09	0.09	0.10	0.10	0.10	0.11	0.11
Laboratory & Testing	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07
Engineering & Construction	0.05	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.06	0.06
Mapping	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Customer Service	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Meter Reading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial Services (w/o Depreciation)	0.08	0.08	0.09	0.10	0.10	0.10	0.10	0.11	0.11	0.12
Information Technology	0.10	0.09	0.09	0.10	0.10	0.10	0.11	0.11	0.11	0.12
General & Administrative	0.26	0.25	0.29	0.29	0.30	0.30	0.31	0.32	0.33	0.34
Franchise Fees	-	-	-	-	-	-	-	-	-	-
Total Wholesale O&M CoS or Rate/Kgal	\$ 1.61	\$ 1.51	\$ 1.65	\$ 1.69	\$ 1.71	\$ 1.76	\$ 1.82	\$ 1.88	\$ 1.95	\$ 2.01
Wholesale Offsets per Kgal	(0.36)	(0.42)	(0.45)	(0.44)	(0.43)	(0.43)	(0.43)	(0.44)	(0.43)	(0.43)
Net Wholesale O&M CoS or Rate/Kgal	\$ 1.25	\$ 1.10	\$ 1.20	\$ 1.25	\$ 1.28	\$ 1.33	\$ 1.39	\$ 1.44	\$ 1.51	\$ 1.58

Table 4-5
10-Year Water Financial Plan
O&M Revenue Requirements Allocated to Retail Class
FY 2011 - FY2020

Retail	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast
% Retail Demand/Total Demand	70%	66%	68%	70%	70%	70%	70%	71%	71%	71%
Retail O&M Revenue Requirement										
Water Treatment	\$ 2,749,296	\$ 2,780,909	\$ 2,873,207	\$ 2,975,659	\$ 3,152,168	\$ 3,317,409	\$ 3,491,432	\$ 3,678,202	\$ 3,875,020	\$ 4,082,433
Transmission	1,714,627	1,214,001	1,177,450	1,242,192	1,184,288	1,246,370	1,311,752	1,381,922	1,455,868	1,533,794
Distribution	821,903	1,829,388	1,730,794	1,777,790	2,064,927	2,167,039	2,274,311	2,389,037	2,509,650	2,636,454
Source of Supply	371,016	410,209	378,020	393,817	417,177	439,046	462,078	486,796	512,844	540,294
Laboratory & Testing	228,281	226,435	248,103	250,522	265,382	279,294	293,945	309,669	326,240	343,702
Engineering & Construction	217,615	218,069	279,797	214,440	222,659	231,104	239,867	252,698	266,220	280,469
Mapping	61,878	70,887	73,046	73,856	76,686	79,595	82,613	87,032	91,689	96,597
Customer Service	904,985	954,632	1,033,138	1,028,389	1,064,383	1,101,636	1,140,194	1,197,710	1,258,177	1,321,749
Meter Reading	235,169	250,497	241,999	236,016	244,276	252,826	261,675	274,875	288,752	303,342
Financial Services (w/o Depreciation)	373,359	370,484	393,366	429,124	445,572	462,472	480,007	505,684	532,743	561,259
Information Technology	439,944	410,725	403,605	436,782	453,523	470,725	488,573	514,709	542,250	571,275
General & Administrative	1,185,140	1,120,155	1,228,290	1,258,151	1,306,374	1,355,925	1,407,335	1,482,619	1,561,953	1,645,557
Franchise Fees	603,169	620,100	637,516	654,000	667,220	676,535	686,015	696,251	706,569	717,270
Total Retail O&M	\$ 9,906,381	\$ 10,476,492	\$ 10,698,330	\$ 10,970,737	\$ 11,564,637	\$ 12,079,979	\$ 12,619,795	\$ 13,257,205	\$ 13,928,075	\$ 14,634,195
Retail Offsets	(2,544,977)	(2,750,279)	(2,915,945)	(2,942,279)	(3,000,008)	(3,041,943)	(3,083,795)	(3,170,918)	(3,211,917)	(3,253,616)
Net O&M Required from Retail Rates	\$ 7,361,404	\$ 7,726,213	\$ 7,782,385	\$ 8,028,459	\$ 8,564,629	\$ 9,038,036	\$ 9,536,000	\$ 10,086,286	\$ 10,716,158	\$ 11,380,579
Retail O&M CoS or Rate/Kgal										
Water Treatment	0.60	0.61	0.67	0.69	0.71	0.74	0.76	0.79	0.82	0.85
Transmission	0.37	0.27	0.27	0.29	0.27	0.28	0.29	0.30	0.31	0.32
Distribution	0.18	0.40	0.40	0.41	0.47	0.48	0.50	0.51	0.53	0.55
Source of Supply	0.08	0.09	0.09	0.09	0.09	0.10	0.10	0.10	0.11	0.11
Laboratory & Testing	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07
Engineering & Construction	0.05	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.06	0.06
Mapping	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Customer Service	0.20	0.21	0.24	0.24	0.24	0.24	0.25	0.26	0.27	0.27
Meter Reading	0.05	0.06	0.06	0.05	0.06	0.06	0.06	0.06	0.06	0.06
Financial Services (w/o Depreciation)	0.08	0.08	0.09	0.10	0.10	0.10	0.10	0.11	0.11	0.12
Information Technology	0.10	0.09	0.09	0.10	0.10	0.10	0.11	0.11	0.11	0.12
General & Administrative	0.26	0.25	0.29	0.29	0.30	0.30	0.31	0.32	0.33	0.34
Franchise Fees	0.13	0.14	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Total Retail O&M CoS or Rate/Kgal	\$ 2.17	\$ 2.31	\$ 2.48	\$ 2.54	\$ 2.61	\$ 2.69	\$ 2.76	\$ 2.85	\$ 2.94	\$ 3.03
Retail Offsets per Kgal	(0.56)	(0.61)	(0.68)	(0.68)	(0.68)	(0.68)	(0.67)	(0.68)	(0.68)	(0.67)
Net Retail O&M CoS or Rate/Kgal	\$ 1.61	\$ 1.71	\$ 1.81	\$ 1.86	\$ 1.94	\$ 2.01	\$ 2.08	\$ 2.17	\$ 2.26	\$ 2.36

Table 4-6

10-Year Water Financial Plan

Water Capital Revenue Requirements

FY 2011 - FY 2020

Water Capital	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Budget	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast
Water Debt Service										
2001A Series Bonds (\$47.14 M)	\$ 448,120	\$ 456,082	\$ 442,232	\$ 53,856	\$ 53,856	\$ 53,856	\$ 53,856	\$ 53,856	\$ 53,856	\$ 53,856
2001B SRF ASR (\$0.820 M)	58,492	55,015	53,856	262,871	262,871	-	-	-	-	-
2003B Note Payable to TOPR (\$3.936 M)	262,871	262,871	262,871	1,986,167	2,073,979	2,714,299	2,719,055	2,760,670	2,784,500	2,973,290
2006 Series Bond-Cherry Pt (\$58.75 M)	1,913,696	1,933,880	1,933,271	153,049	153,049	153,049	153,049	153,049	153,049	153,049
2008 SRF Chelsea WTP NaOCL (\$2.7 M)	154,626	157,876	153,049	465,095	465,095	465,095	465,095	465,095	465,095	465,095
2009 Military Water System (\$15.307 M)	465,095	465,095	465,095	196,422	196,422	196,422	196,422	196,422	196,422	196,422
2009 SRF SoB ASR (\$3.90 M)	232,750	187,971	196,422	3,167,748	2,827,008	2,626,803	1,582,713	1,595,781	1,595,457	1,088,073
2010B Refunding Bonds (\$38.065M)	2,838,124	2,834,460	2,918,052	876,490	876,490	876,490	876,490	876,490	876,490	876,490
2012 SRF Purnysburg Waterline (\$14.0 M)	-	-	-	195,064	122,249	124,265	84,087	-	-	-
Bond Premiums/Discounts	148,521	197,509	166,610	\$ 7,356,762	\$ 7,031,019	\$ 7,210,279	\$ 6,130,767	\$ 6,101,363	\$ 6,124,869	\$ 5,806,275
Total Water Debt Service	\$ 6,522,295	\$ 6,550,759	\$ 6,591,458	\$ 7,356,762	\$ 7,031,019	\$ 7,210,279	\$ 6,130,767	\$ 6,101,363	\$ 6,124,869	\$ 5,806,275
Existing Parity	\$ 5,794,329	\$ 5,822,793	\$ 5,863,492	\$ 6,628,796	\$ 6,303,053	\$ 6,745,184	\$ 5,665,672	\$ 5,636,268	\$ 5,659,774	\$ 5,341,180
Existing Non-Parity	727,966	727,966	727,966	727,966	727,966	465,095	465,095	465,095	465,095	465,095
Planned Parity	0	0	0	0	0	0	0	0	0	0
Planned Non-Parity	0	0	0	0	0	0	0	0	0	0
Total	\$ 6,522,295	\$ 6,550,759	\$ 6,591,458	\$ 7,356,762	\$ 7,031,019	\$ 7,210,279	\$ 6,130,767	\$ 6,101,363	\$ 6,124,869	\$ 5,806,275
Capital Outlay										
Common to All	\$ 478,178	\$ 340,886	\$ 623,064	\$ 418,375	\$ 412,500	\$ 425,000	\$ 437,500	\$ 450,000	\$ 450,000	\$ 450,000
Retail Specific	255,000	255,000	255,000	403,750	425,000	425,000	425,000	425,000	425,000	425,000
CoS Capital Outlay	\$ 733,178	\$ 595,886	\$ 878,064	\$ 822,125	\$ 837,500	\$ 850,000	\$ 862,500	\$ 875,000	\$ 875,000	\$ 875,000
C&D										
R&R Model 10-Year Average	\$ 1,637,464	\$ 1,637,464	\$ 1,637,464	\$ 1,637,464	\$ 2,076,706	\$ 2,075,853	\$ 2,075,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000
Total Transfer to C&D	\$ 1,637,464	\$ 1,637,464	\$ 1,637,464	\$ 1,637,464	\$ 2,076,706	\$ 2,075,853	\$ 2,075,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000
Total Capital Revenue Requirement	\$ 8,892,937	\$ 8,784,109	\$ 9,106,986	\$ 9,816,351	\$ 9,945,225	\$ 10,136,132	\$ 9,068,267	\$ 9,276,363	\$ 9,299,869	\$ 8,981,275
O&M + Capital Revenue Requirement										
Total	\$ 22,032,440	\$ 22,737,015	\$ 23,140,194	\$ 23,942,921	\$ 24,739,333	\$ 25,567,302	\$ 25,165,721	\$ 26,161,477	\$ 27,012,707	\$ 27,563,979
Net from Rates (less offsets)	\$ 18,756,414	\$ 19,030,181	\$ 19,316,784	\$ 20,171,702	\$ 20,922,357	\$ 21,705,657	\$ 21,259,790	\$ 22,147,771	\$ 22,956,884	\$ 23,465,279
Revenue Required from Rates per Kgal										
Net O&M	\$ 1.50	\$ 1.50	\$ 1.61	\$ 1.67	\$ 1.74	\$ 1.81	\$ 1.88	\$ 1.95	\$ 2.04	\$ 2.13
Debt Service	0.99	0.96	1.04	1.19	1.11	1.13	0.94	0.93	0.92	0.86
Capital Outlay	0.11	0.09	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.13
C&D	0.25	0.24	0.26	0.26	0.33	0.32	0.32	0.35	0.34	0.34
Total Revenue Req from Rates per Kgal	\$ 2.85	\$ 2.79	\$ 3.05	\$ 3.26	\$ 3.32	\$ 3.39	\$ 3.28	\$ 3.36	\$ 3.43	\$ 3.46